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October 19, 2011

Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: WC Docket 10-90, GN Docket 09-51, WC Docket 07-135, WC Docket 05-337, CC Docket 01-92, CC Docket 96-45, WC Docket 03-109

Dear Ms. Dortch:

On behalf of Consolidated Communications ("Consolidated"), enclosed is a letter from Robert J. Currey, President and Chief Executive Officer of Consolidated for inclusion in the above referenced dockets.

Under separate cover and in accordance with the Protective Order in this proceeding,[1] copies of the confidential materials are being filed with the Secretary's Office and are being provided to Lynne Hewitt Engledow of the Wireline Competition Bureau.

[1] *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, WC Docket Nos. 07-135, 10-90, 05-337, and GN Docket No. 09-51, Protective Order, DA 10-1749 (WCB, rel. Sept. 16, 2010).

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Respectfully submitted,

/s/

Russell M. Blau

Counsel to Consolidated Communications

cc: Hon. Julius Genachowski, Chairman
Hon. Michael Copps, Commissioner
Hon. Robert McDowell, Commissioner
Hon. Mignon Clyburn, Commissioner
Zac Katz
Sharon Gillet
Rebekah Goodheart
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Robert J. Currey
President and CEO

October 19, 2011

Via Electronic Mail

Hon. Julius Genachowski, Chairman
Hon. Michael Copps, Commissioner
Hon. Robert McDowell, Commissioner
Hon. Mignon Clyburn, Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: **WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51**

Dear Commissioners:

I am writing to you concerning the proposed order on transformation of the intercarrier compensation and high-cost support systems that you are scheduled to consider at your meeting on October 27.

As background, I am CEO of Consolidated Communications, a publicly-traded company that owns four incumbent LEC study areas in suburban and rural areas of Illinois, Texas, and Pennsylvania, and also operates as a CLEC in parts of Pennsylvania. Today, about 94% of our 144,000 residential access lines are capable of 4 Mbps down/768 kbps up broadband service, and Consolidated has been a pioneer in introducing multi-channel video services (IP TV) over its telephony network. In short, Consolidated has already been making the kind of investment in rural networks that you seek to encourage, and that should be fostered.

To begin with, I commend you for undertaking to address these complex and contentious issues. Although, as discussed below, I have concerns about some of your proposed rule changes, everyone in the industry is well aware that the current system is deeply flawed, and these problems have been allowed to linger far too long. In particular, Consolidated strongly supports your efforts to eliminate call-pumping schemes, phantom traffic, and other forms of traffic arbitrage. The most important step you can take to achieve this goal is to eliminate different rates for essentially identical traffic termination services, and therefore Consolidated applauds the Commission for seeking to unify interstate access, intrastate access, VoIP, reciprocal compensation, and wireless termination rates into a single, uniform call termination rate applicable to all traffic.

However, I am concerned by some trade press reports suggesting that the Commission is considering a "one-size-fits-all" approach to high-cost support and intercarrier compensation, by basing its proposed rules largely on the so-called ABC Plan filed by six of the largest wireline incumbents. That plan may well be a good approach to the 90% or so of the country served by these large carriers; with their nationwide footprints and extensive customers bases, those companies are likely to save as much (or more) in reduced costs to terminate their customers' traffic elsewhere as they are giving up in reduced call termination revenues. But it is not a good plan for smaller companies, like Consolidated, whose customer base is largely in rural areas.

It has also been reported that you are considering requiring carriers receiving high-cost support, like Consolidated, to upgrade their networks to a minimum of 6 Mbps downstream and 1.5 Mbps upstream. If true, this would place a heavy burden on small companies like Consolidated. As I've mentioned, Consolidated already has deployed 4/768 capable facilities to 94% of our customers, but our engineers estimate upgrading these facilities to meet the reported 6/1.5 standard would require another [redacted] million in investment (or about [redacted] per residential access line), while for the remaining 7,500 customers in our service area who do not have broadband available today, it will cost an additional [redacted] million (about [redacted] per currently unserved line) in network upgrades to reach the 6/1.5 standard. This is a total upgrade cost of [redacted] or about [redacted] per residential access line, which is much more than the CAF funding we would be eligible for under the ABC Plan.

The bill-and-keep transition plan that has been reported in the press, if adopted, would significantly impair the revenues that Consolidated relies upon to maintain and improve its broadband network in outlying rural areas of its service territories. Under the ABC proposal, Consolidated would lose [redacted] million in high-cost support funding and [redacted] million in intercarrier compensation revenues (offset by less than [redacted] million in access cost savings) over the first five years.* In other words, we would lose [redacted] million in revenues at the same time we are being asked to plan for a [redacted] million network upgrade. If we could recover that [redacted] million differential from our residential customers, Consolidated would need to collect about an additional [redacted] per line over those five years, or about [redacted] per month, *above and beyond* the Access Recovery Charge contemplated in the draft order. I cannot imagine that you would support a plan that would require price increases of that magnitude to rural subscribers across America.

I urge you not to rush to adopt a plan that is designed for 90% of the country but fails to take account of the remaining 10%. With regard to high-cost support, Consolidated understands that the Commission intends to seek further comment on the ABC proposed cost model, which we think is a good idea in light of the many unknown aspects of that model as outlined in our most recent reply comments in this docket. With respect to intercarrier compensation, Consolidated proposes that the full terminating rate transition to bill-and-keep should apply (at

* This assumes Consolidated would be able to collect about [redacted] million in Access Recovery Charges over those five years under the proposed rules. In fact, the competitive pressures we face in the marketplace are such that I doubt we could increase rates by that amount, much less by the much larger amount necessary to offset the total impact of the ABC proposal.

least initially) only to companies serving at least 2 percent of the Nation's subscriber lines. For smaller companies, the transition should be designed to unify termination rates at the lowest of existing interstate access, intrastate access, and reciprocal compensation rates. Once that level is achieved, the Commission should re-examine the level of support necessary to maintain and expand broadband availability and adoption in the areas served by these smaller companies.

The Commission has come a long way towards developing a workable plan to modernize the high-cost support and intercarrier compensation systems. It is worth taking a little bit longer to make sure that the new plan does not have unintended consequences for the smaller companies that serve millions of Americans in rural communities.

Sincerely,

Robert J. Currey
President and Chief Executive Officer

cc: Zac Katz
Sharon Gillet
Rebekah Goodheart
Al Lewis
Marlene Dortch